

Message Text

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ACTION STR-04

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COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

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FM AMEMBASSY TOKYO

TO USMISSION GENEVA

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AMEMBASSY CANBERRA

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USMTN ALSO FOR USMISSION

E.O. 11652: N/A

TAGS: ETRD, MTN, JA

SUBJECT: CONSULTATION WITH JAPAN - COAL

REF: GENEVA 5815

1. SUMMARY. SINCE JAPANESE IMPORT QUOTAS ON COAL APPLY ONLY TO STEAM COAL, LOW GRADE COKING COAL, AND ANTHRACITE U.S. IS UNLIKELY TO BENEFIT SUBSTANTIALLY FROM REMOVAL OF SUCH QR FOR SOME TIME. END SUMMARY.

2. REGARDING QR'S ON COAL (REFTEL, PARA 4 A), MISSION MAY WISH TO NOTE THAT SUCH IMPORT QUOTAS ARE APPLIED ONLY TO STEAM COAL, LOW GRADE COKING COAL AND ANTHRACITE. OF 60.0 MILLION METRIC TONS OF COAL IMPORTED IN 1976, 1 MMT WAS ANTHRACITE (PRIMARILY FROM VIETNAM AND PRC), AND 0.56 MMT WAS STEAM COAL (MOSTLY FROM AUSTRALIA AND USSR). EXCEPT FOR INFERIOR GRADES, COKING COAL IS NOT SUBJECT TO IQ. (NOTE: CONTRARY TO TAMORI STATEMENT, U.S. LOST LEAD TO LIMITED OFFICIAL USE

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AUSTRALIA IN 1975 FOR SHIPMENTS TO JAPAN OF COKING COAL. IN 1976 WE SLIPPED FURTHER BEHIND, SENDING 17.5 MMT TO AUSTRALIA'S 26.0 MMT.)

3. JAPAN'S ENERGY PROGRAM FORECASTS INCREASING IMPORTS OF STEAM COAL (6-16 MMT IN 1985, 40 MMT IN 1990). JAPANESE TEND TO THINK IN TERMS OF AUSTRALIA FOR THESE

IMPORTS, CITING ITS PRICE ADVANTAGE OVER U.S. (A RECENT CONTRACT WAS SIGNED FOR 500,000 TONS OF AUSTRALIAN STEAM COAL AT A REPORTED \$30/TON, CIF, WITH SHIPMENTS TO BEGIN IN 1980). THUS, UNTIL U.S. EXPORTERS ARE SUCCESSFUL IN THEIR EFFORTS TO MEET THE AUSTRALIAN PRICE, THE MAIN BENEFICIARIES OF THE REMOVAL OF THE QR WILL BE AUSTRALIA, VIETNAM, PRC AND USSR.

4. FOR BACKGROUND, MISSION MIGHT FIND IT USEFUL TO KNOW THAT WHILE TAMORI IS TECHNICALLY CORRECT IN CHARACTERIZING DOMESTIC COAL PRODUCTION TARGET AS A MINIMUM (IT IS USUALLY PRECEDED BY "AT LEAST"), THE TARGET CAN ALSO BE THOUGHT OF AS A MAXIMUM. DOMESTIC OUTPUT HAS DECLINED RAPIDLY FROM 50.55 MMT IN 1966 TO 20.93 MMT IN 1973. IT HAS HOVERED AT OR JUST BELOW THE 20 MMT LEVEL SINCE, AND JAPAN'S ENERGY PROGRAM PROJECTS THE SAME AMOUNT INTO 1990. (INTERESTINGLY, MOST OF THE DECLINE HAS BEEN IN STEAM COAL, NOW ROUGHLY HALF THE TOTAL, BUT OVER 70 PERCENT OF THE 1966 FIGURE). GOVERNMENT AND INDUSTRY CONTACTS CITE INCREASED LABOR COSTS, AND INCREASINGLY DIFFICULT MINING CONDITIONS AS FACTORS LIMITING DOMESTIC PRODUCTION TO THE 20 MMT LEVEL.
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Message Attributes

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Control Number: n/a
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Sent Date: 12-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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